

INDUSTRY UPDATE

Biweekly Period Ending February 26, 2000

Phoenix Metro Area

Construction

There may be a shortage of construction workers in Mesa by summer, as work begins on **two major office projects** totaling nearly 400,000 square feet and on a **\$200 million master-planned community**. Two of the developments will begin in March – an 105,000-square-foot **Mesa Corporate Center** near Southern Avenue and Alma School Road that will partly house an Allstate Insurance back-office operation; and **Village Square at Dana Park**, a multi-use project that will include condominiums, above-ground stores, a boutique hotel, office space, and upscale restaurants. **Opus West of Phoenix** will build the office center and Canadian-based **Triple Five Development** will develop Village Square at Dana Park. Finally, Scottsdale-based **Denali National Trust** will start work in June on a 20-acre, **280,000-square-foot office complex**. The project will consist of three, two-story buildings on a campus setting at the southwest corner of U.S. 60 and Stapely Drive. Let the dirt begin flying.

In the first part of a planned major downtown **entertainment and shopping district for Gilbert**, Triple Five Nevada Development will begin work in March on a **14-screen movie complex** at Gilbert and Warner roads. The Gilbert Town Square Theater, along with 75,000 square feet of retail space, is expected to **open in February 2001**. Other projects planned include 10 restaurants, a 150-room all-suite hotel, and 500,000 square feet of retail and office space.

Trade

Computer wholesaler **MicroAge Inc.**, which

lost more than \$160 million in the last 12 months, **laid off 250 employees** in mid-February at its Tempe-based headquarters. Since last April, the 23-year-old company has laid off 1,750 workers, including 1,500 in Tempe. Competition from wholesalers doing business directly from the Internet, has hurt Micro Age, which does about 40 percent of its business over the Internet.

Tucson Metro Area

Manufacturing

A number of manufacturers in the Tucson area are reporting a **shortage of skilled machinists**. Tucson isn't alone, however, because machinists are in short supply nationally, according to a story by Gannett News Service. An official with (Tucson) Local 933 of the International Association of Machinists and Aerospace Workers blamed the shortfall on a lack of support for apprenticeship programs by smaller companies, while business owners say it's due to high schools pushing students into college-prep courses instead of vocational classes. Whatever the reason, **entry-level machinists** nationwide make about **\$28,000 a year**, while highly skilled tool and die workers can make up to \$85,000 annually, the Gannett story said. In Tucson, the going rate for machinists is between \$8 and \$24 an hour, said an official with Competitive Engineering, one of the companies in need of workers.

Services

Budget problems will force **at least one**, and possibly three, of **Kitt Peak's telescopes to shut down** by the **end of 2000**. A 12-meter radio telescope funded by the National Science Foundation will cease to exist July 1,

forcing the **elimination of about 25 jobs**. Kitt Peak, about 50 miles southwest of Tucson, also may close two optical telescopes by year end, unless outside funding can be found. That would leave the national observatory with only three operational telescopes.

Trade

In mid February, the Tucson City Council gave **El Con Mall** approval to **build** a 125,000-square-foot **Home Depot**, which is expected to **open by the end of 2000**. El Con officials had been unable to proceed with redeveloping the mall, which is 40 percent vacant, because of uncertainty over the city's policy to limit the building of "big-box" stores (e.g., Home Depot, Wal-Mart). The city also gave El Con the right to build a second big-box store, but no proposals have been made as of this time.

Balance of State

Construction

The **Town of Prescott Valley** has agreed to spend up to nearly \$10 million in incentives and infrastructure costs over the next 20 years to help build an **entertainment center and shopping complex between Prescott Valley Civic Center and Highway 69**. The project, which will start with the opening of a 14-screen Harkins theater complex in late 2000 or early 2001, will eventually include retail shops and offices, a hospital and medical offices, a college, and a variety of housing. Excluding the movie theater, Fain Signature Group will be the lead developer.

Transportation, Communications, and Public Utilities

As **Citizens Utilities** jettisons its **electric utility business in Arizona**, it is speeding up its growing telecommunications and Internet operations, which will mean new customer-service jobs for the Kingman area. The customer-owned co-op, which is selling off its Arizona electric, water- and sewage-treatment divisions to publicly-owned Cap Rock

Energy Corp. of Midland, Texas, expects to **hire in April up to 100 workers** for a new **customer-service call center in Kingman**. Cap Rock said no layoffs are expected in its Arizona operations, which are primarily in Mohave and Santa Cruz counties.

Government

Nine of 15 **Mohave County school districts** are taking the high-tech road to **lure teachers** to their high-desert schools. About 1,000 CD-ROM's are being distributed to applicants, colleges and universities, and recruiting fairs around the country, touting the benefits of teaching in Mohave County. One of the districts, Kingman Elementary, needs to hire between 12 and 20 new teachers a year to make up for about a 5 to 7 percent turnover rate.

Statewide

Trade

Walgreen Co. plans to **add more than 15 new stores** in Arizona in 2000 as part of a nationwide expansion of 450 stores. The Deerfield, Ill.-based drugstore chain added 10 stores to the Phoenix metro area in 1999.

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Industry Update is produced biweekly as a stand-alone publication and quarterly as part of *Arizona Economic Trends* by the Arizona Department of Economic Security, Research Administration. *Industry Update* is a compilation of public announcements and articles from newspapers and periodicals about business events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of industry news is not feasible. In addition, DES, Research Administration is not responsible for incorrect information reported by these sources. For more information, contact DES, Research Administration by writing to 1789 W. Jefferson St., Site Code 733A, Phoenix, AZ 85007, or calling (602) 542-3871.